

PRESIDENT'S ADVISORY  
BOARD  
THOMAS W. MILLER  
66 MILTON ROAD  
RYE, NY 10580  
2005 FEB 36 P 1:40

The President's Advisory Panel on Federal Tax Reform  
1440 New York Avenue NW  
Suite 2100  
Washington, DC 20220

Dear Panel Members:

The attached letter was sent to my senators, congresswoman, the president, as well as Mr. Thomas of Ways and Means. As you can see, it was motivated by the disturbing revelation that a tax was changed (quietly) in a way that undermined the way in which I managed my principal asset – my home. I have heard nothing in response.

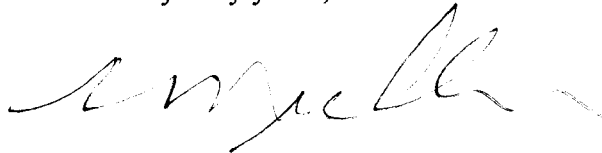
I am a 70-year-old retiree, who paid alimony and child support for 15 years, without ever missing the first of the month. Then I dealt with college tuitions. There's never been anyone else helping me with the cost of living. I've never had a financial partner. So the efficient use of my resources has been critical. Now I am disadvantaged by an arbitrary \$250,000 credit in lieu of the traditional rollover on which my lifelong planning was based.

At my age, there isn't much new news. But when there is, it generally isn't good. Please examine this issue carefully, especially for fairness. The assumptions regarding the doubling of the credit for spouses is simplistic and unfair. The uniform credit applied to real estate throughout the nation is ridiculous. The whole thing is bad law.

I have worked very hard to enhance the value of my home. I am now at a point where I was to rollover that home to one of similar value where the cost of living and lower taxes would provide some financial relief. The elimination of the rollover has cut the rug right out from under me.

Your sensitivity to and help with this matter would be greatly appreciated.

Very truly yours,



Attachment

66 Milton Road, K21  
Rye, NY 10580  
September 15, 2004

Congressman William M. Thomas  
Chairman, House Ways & Means Committee  
U. S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Congressman Thomas:

I have recently been informed that selling my home has tax consequences I never anticipated, because the rollover provisions to which I had been conditioned were (quietly) changed. This revision in tax law is very troubling to me, as it is to a broad range of friends and acquaintances - especially seniors - who have based a good deal of their financial planning on the ability to roll over their primary residence as they adjust to the changing circumstances associated with advancing age.

There are several disturbing aspects to the application of the \$250,000 credits now in effect:

- The bias toward married couples is prejudicial against individual owners who often struggle more than couples who have benefited from the prevalent two-income lifestyle.
- As an extension of the previous point, single owners pay the same top dollar in property taxes and for all ongoing maintenance, particularly in the northeast and other high cost areas. There is no discount for carrying the burden alone.
- Establishing a fixed dollar exclusion nationally is outrageous, as real estate markets and values vary greatly from one section of the country to another.
- Fully accounting for capital improvements is practically impossible for owners who have put an extraordinary amount of sweat equity into their homes to circumvent the high labor costs associated with capital improvements.
- The current policy is unsound as it motivates owners aware of the looming tax liability to move when growth in value approaches the arbitrary threshold. Churning isn't good for anyone except brokers, who are already doing just fine.

The tax code has historically acknowledged the unique place of a home in the lives of long-term owners - single or married - as well as a home's important role in the security of seniors. In the case of single seniors, skimming any part of the capital gain in what formerly was deemed a roll over is more than troubling. It's appalling.

Should you wish to contact me by telephone, my number is (914) 967-4242. As a seventy-year-old retiree, I am not hard to reach.

Very truly yours,

Thomas W. Mullen